



Department of Transportation and Council of Internal Auditing Did Not Ensure DOT Compliance with Internal Audit Act

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Project Scope

JLPEOC 2019–20 Work Plan directed PED to examine efficiency and effectiveness of DOT’s internal audit program and oversight of the program by DOT and by the Council of Internal Auditing

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Findings

1. DOT OIG failed to conduct types of internal audits that could have flagged overspending and cash flow problems identified by a national firm and the State Auditor
2. Majority of audits are misaligned with best practices concerning functional boundaries and independence

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Findings

3. Council of Internal Auditing has been viable and active but has not probed or challenged effectiveness of internal audit units

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Recommendation 1 The General Assembly should direct the State Board of Transportation Audit Committee to revisit DOT OIG's annual plan and determine why OIG is not publishing reports

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Recommendation 2 The General Assembly should direct the Council of Internal Auditing to conduct a hearing on DOT internal audit functions and assist DOT in improving the effectiveness of OIG

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Recommendation 3

The General Assembly should direct the Council of Internal Auditing to establish and monitor compliance with standards for all internal audit units within state agencies

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Recommendation 3 (Cont'd)

- The Council of Internal Auditing should
- establish a minimum level of performance audit effort
 - periodically examine a stratified sample of internal auditing reports and annual plans for conformity and report deficiencies, and
 - review every external quality assurance review for each agency internal audit function, hold hearings on any reported deficiencies, and monitor corrective action

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